Dave for review

Philip Morris USA — Implications

WEEKLY UPDATE
IMPLICATIONS
August 29, 1994

- PM-USA and Marlboro performances are consistent across Shipment, Nielsen and Consumer Tracking and remain near record levels.
  - PM share is on a slight downward trend, Marlboro growth has slowed and competitive promotional activity remains high.
    - Marlboro 5-pack T-shirt building at retail.
  - Most performance benchmarks remain favorable:
    - $pack prices and B&H benchmarks are unfavorable.

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Take out Marl by 4 Get 1 Free

Shipments

- PM-USA shipments are 3.6 billion above QTD projection.
  - PM Third Qtr. volume is expected to be more than 4.0 billion units above 2RF budget.
  - Weekly PM volume is higher than going rate due to stronger consumer take-away.
- All competitors' shipments except Lorillard are near norm and expectation.
  - American and B&W are trending upward.
  - Inflated Lorillard Premium volume possibly tied to pipeline in preparation for Harley Davidson autumn national retail launch.

Retail Trends

- 99¢ pricing incidence declined to near lower end of YTD range (15%).
  - Doral remains most widely available brand at the lowest and 99¢ price points.
- Promotional incidence remains high with emphasis shifting to different promotion types.
  - PM shifting to Marlboro incentives (T-shirt w/ 5 pack offer), free product Marlboro Menthol and Cambridge offers.
  - RJR growth expected to continue.
    - RJR's IRC expansion on major brands (Winston, Camel, Doral) is consistent with reported second half '94 plans.
    - Doral Box launch in September in California - Doral's fastest growing region (5), highly developed Box and Marlboro area.
- Discount category trend continued to decline despite heightened promotional activity.

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Source: https://www.industrydocuments.ucsf.edu/docs/zxvk0004